

SENATE BILL 2461  
By Cooper

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4,  
Part 19, relative to the rental car tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-1901, is amended by adding  
the following new subsection:

( ) At the end of any fiscal year in which the surcharge or tax imposed in subsection (a)  
fails to generate at least one million five hundred thousand dollars (\$1,500,000) of revenue, the  
rate of such surcharge or tax shall be increased by one-half of one percent ( $\frac{1}{2}\%$ ).

SECTION 2. Tennessee Code Annotated, Section 67-4-1903, is amended by  
designating the original language as subsection (a) and by adding the following new subsection:

(b)(1) A credit shall also be allowed for all other businesses engaged in the retail rental  
of private passenger motor vehicles, in accordance with the provisions of subdivision (2) of this  
subsection, against the surcharge or tax collected for county wheel taxes, municipal fees and  
fees for registration, title, data processing and transaction and clerk's fees for issuance of  
documents. The credit shall be calculated on an annual basis for all county wheel taxes,  
municipal fees and fees for registration, title, data processing and transaction and clerk's fees  
for issuance of documents paid for vehicles registered in Tennessee by the business.

(2) The credit established pursuant to subdivision (1) of this subsection shall be  
implemented in accordance with the following schedule:

A. In fiscal year 1998-1999, forty percent (40%) of such credit;

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- B. In fiscal year 1999-2000, seventy percent (70%) of such credit; and
- C. In fiscal year 2000-2001 and thereafter, one hundred percent (100%) of such credit.

SECTION 3. Tennessee Code Annotated, Section 67-4-1905, is amended by deleting the section in its entirety and by substituting instead the following:

The first one million five hundred thousand dollars (\$1,500,000) of revenue generated by the surcharge or tax shall be allocated to the department of safety to be used exclusively to train, equip, and pay members of the Tennessee highway patrol. All revenue in excess of such amount shall be deposited in the state general fund.

SECTION 4. The commissioner of revenue shall notify all businesses remitting the surcharge or tax and certify to the executive secretary of the Tennessee code commission of any increase in the surcharge or tax rate which occurs in accordance with Section 1. Such notification shall be given at least forty-five (45) days prior to any increase in the surcharge or tax rate. Such executive secretary is directed to change the percentage of surcharge or tax in Tennessee Code Annotated, Section 67-4-1901 to reflect the actual rate of surcharge or tax in accordance with such notice.

SECTION 5. The provisions of this act shall take effect on July 1, 1998, the public welfare requiring it.